



Revised 04/01/2003

CALSTRS 95 CONVENTIONAL & NO POINTS, NO FEES

I. PROGRAM SUMMARY

PROGRAM DESCRIPTION	<p>The CALSTRS 95 Conventional Loan and the No Points, No Fees program provides financing options for teachers and other public school district employees who work in the State of California. The program consists of two loan options:</p> <p>1) <u>Option 1</u>: A fixed-rate first loan (with standard fees), or 2) <u>Option 2</u>: A 95% LTV fixed-rate first loan (priced about .5% higher) with no points or fees. With the second option, CalSTRS pays up to 3% of the closing costs in exchange for borrower's agreement to have a five-year prepayment penalty.</p>
TARGET MARKETS	<p>This program is available to any teacher or public school district employee within the State of California.</p>
PARTICIPATING LENDERS	<p><u>Delegated:</u></p> <ul style="list-style-type: none">• North American Mortgage Corporation/Washington Mutual• CUNA Mortgage• Wells Fargo• Countrywide <p><u>Not Delegated:</u></p> <ul style="list-style-type: none">• First Mortgage Corporation
BORROWER ELIGIBILITY	<p>Borrowers must meet the following requirements:</p> <ul style="list-style-type: none">• Be a California teacher or other public school district employee• Any CalSTRS account holder• Be a U.S. citizen or permanent resident alien• Agree to have a five-year prepayment penalty (for no points/fee-<u>Option 2</u> only)• Occupy the property as their primary residence; non-occupant co-borrowers are not allowed
PROPERTY ELIGIBILITY	<p>Properties must meet the following requirements:</p> <ul style="list-style-type: none">• Be a single-family, one-unit residence• Two to four-family dwellings allowed• Single-family cooperative apartments• Single-family condominiums• Leasehold and manufactured homes considered on a case-by-

	case basis (up to maximum 90% LTV)
DOWN PAYMENT REQUIREMENTS	5%
BORROWER MINIMUM CONTRIBUTION	The borrower must contribute 1% of the sales price towards the down payment. The remainder can be a gift from a relation with no repayment, or a grant from a government agency or employer-assisted housing program approved by CalSTRS and Mortgage Insurance Services.
TRANSACTION TYPE	Purchase and refinances; cash-out refinances allowed, per investor guidelines.
MAXIMUM SALES PRICE	None stated.
MAXIMUM LOAN AMOUNT	\$601,400
INCOME LIMITS	None stated.
MORTGAGE INSURANCE	<p>Mortgage insurance is required on the first loan, as follows:</p> <p><u>Coverage:</u></p> <ul style="list-style-type: none"> • For LTVs 85.01-95%: 50% • For LTVs 80.01-85%: 25% <p><u>Cost:</u></p> <ul style="list-style-type: none"> • For LTVs 90.01-95%: 60 bps (MI Plan #625) • For LTVs 85.01-90%: 40 bps (MI Plan #627) • For LTVs 80.01-85%: 20 bps (MI Plan #629) <p><u>Due:</u></p> <ul style="list-style-type: none"> • Monthly
SELLER CONTRIBUTIONS	Seller contributions are acceptable, up to 3% of the sales price; must be used for non-recurring closing costs only.
MAXIMUM AVAILABILITY	No stated limit.

II. UNDERWRITING CRITERIA

MINIMUM FICO SCORE	<p>Borrowers must have a minimum FICO credit score, as follows:</p> <ul style="list-style-type: none"> • 1 unit: 620 • 2 units: 640 • 3-4 units: 660
RATIOS	Total debt-to-income ratio cannot exceed 41%.
CASH RESERVES	Two month's cash reserves sufficient to cover PITI; funds from an individual retirement account (401k) may be considered towards cash reserves (excluding CalSTRS retirement account).

HOMEBUYER ED. REQUIREMENT	None stated.
AUTOMATED UNDERWRITING	Allowed; refer to CalSTRS guidelines.
INCOME REQUIREMENTS	Refer to CalSTRS guidelines.

IMPORTANT DISCLOSURE INFORMATION:

The information provided in this program description is for guidance only. While we have taken care to provide accurate information, we cannot cover every circumstance nor program nuance. Lenders will need to refer to investor guidelines for specific underwriting and compliance issues. Lenders should be aware that Mortgage Insurance Services' underwriting guidelines are for mortgage insurance only, and not necessarily the same as restrictions imposed by the investor. The more restrictive guidelines apply. This program description is subject to change from time to time without prior notice.

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